

House File 2443 - Introduced

HOUSE FILE 2443

BY LUKAN

A BILL FOR

1 An Act relating to economic development by establishing a
2 headquarters relocation tax credit program within the
3 economic development authority for corporations that
4 relocate headquarters to the state and including effective
5 date and applicability provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 15E.371 **Headquarters relocation**
2 **tax credit program.**

3 1. For purposes of this section, unless the context
4 otherwise requires:

5 *a. "Corporate headquarters"* means the building or buildings
6 where the principal offices of the principal executive officers
7 of an eligible corporation are located.

8 *b. "Eligible corporation"* means a corporation that is
9 engaged in either interstate or intrastate commerce, that
10 maintains corporate headquarters at a location without
11 this state, that has not previously maintained corporate
12 headquarters at a location within this state, and that commits
13 contractually to relocating its corporate headquarters to this
14 state.

15 *c. "Qualifying project"* means the relocation of the
16 corporate headquarters of an eligible corporation from a
17 location without this state to a location within this state.

18 *d. (1) "Relocation costs"* means reasonable and necessary
19 expenses incurred by an eligible corporation for a qualifying
20 project. The term includes:

21 (a) Moving costs and related expenses.

22 (b) The purchase of new or replacement equipment.

23 (c) Capital investment costs.

24 (d) Property assembly and development costs, including:

25 (i) The purchase, lease, or construction of buildings and
26 land.

27 (ii) Infrastructure improvements.

28 (iii) Site development costs.

29 (2) *"Relocation costs"* does not include any cost that
30 does not directly result from relocation of the corporate
31 headquarters from a location without this state to a location
32 within this state.

33 2. A tax credit shall be allowed against the taxes imposed
34 in chapter 422, division III for an eligible corporation that
35 completes a qualifying project and incurs relocation costs.

1 The credit shall be an amount equal to fifty percent of the
2 relocation costs of the eligible corporation that completes the
3 qualifying project.

4 3. To receive the headquarters relocation tax credit, an
5 eligible corporation must submit an application and proof of
6 the eligible corporation's relocation costs to the authority,
7 made in the manner and form prescribed by the authority. The
8 authority shall audit all costs submitted by the eligible
9 corporation and determine which costs qualify as relocation
10 costs. In determining whether a cost qualifies as a relocation
11 cost, the authority shall consider whether an expense would
12 likely have been incurred by the eligible corporation if the
13 eligible corporation had not relocated from its original
14 location.

15 4. After determining the relocation costs of an eligible
16 corporation, the authority shall issue to the eligible
17 corporation a tax certificate for the headquarters relocation
18 tax credit. The certificate shall contain the eligible
19 corporation's name, address, tax identification number, the
20 amount of the credit, the tax year for which the certificate
21 applies, and an expiration date for the certificate. The
22 eligible corporation must file the tax credit certificate with
23 the eligible corporation's income tax return in order to claim
24 the tax credit.

25 5. The tax credit, unless otherwise void, shall be
26 accepted by the department of revenue as payment for taxes
27 imposed pursuant to chapter 422, division III, subject to any
28 conditions or restrictions placed by the authority upon the
29 face of the tax credit and subject to the limitations of this
30 section.

31 6. The tax credits issued under this section are not
32 transferrable to any person or entity.

33 7. Any credit in excess of the tax liability is not
34 refundable, but the excess for the tax year may be credited to
35 the tax liability for the following year.

1 8. The authority, in consultation with the department of
2 revenue, shall adopt rules pursuant to chapter 17A for the
3 administration of this section, including rules for entering
4 into contracts with eligible corporations that wish to relocate
5 corporate headquarters to this state and rules for auditing and
6 determining relocation costs.

7 Sec. 2. Section 422.33, Code Supplement 2011, is amended by
8 adding the following new subsection:

9 NEW SUBSECTION. 29. The taxes imposed under this division
10 shall be reduced by a headquarters relocation tax credit
11 allowed under section 15E.371.

12 Sec. 3. EFFECTIVE DATE. This Act takes effect January 1,
13 2013.

14 Sec. 4. APPLICABILITY. This Act applies to qualifying
15 projects started and relocation costs incurred on or after
16 January 1, 2013.

17 EXPLANATION

18 This bill provides a credit against the corporate income tax
19 for a corporation that relocates its corporate headquarters
20 to this state. In order to be eligible for the tax credit,
21 the corporation must have its corporate headquarters outside
22 of Iowa, must not have previously maintained corporate
23 headquarters within Iowa, and must contractually agree to
24 relocate its headquarters to Iowa.

25 The credit is equal to 50 percent of the relocation costs
26 of a corporation that moves its corporate headquarters to this
27 state. "Relocation costs" are those that directly result
28 from relocation of the corporate headquarters and include
29 moving costs; the purchase of new or replacement equipment;
30 capital investment costs; costs related to the purchase,
31 lease or construction of buildings and land; infrastructure
32 improvements; and site development costs.

33 To receive the tax credit, a corporation must submit an
34 application and proof of its costs to the economic development
35 authority. The economic development authority is required

1 to audit all the submitted costs and determine which qualify
2 for the credit. The economic development authority shall
3 then issue a tax credit certificate to the corporation, which
4 certificate shall be attached to the corporation's tax return.
5 The tax credits are nontransferable and nonrefundable, but may
6 be carried forward to the following year.

7 The authority, in consultation with the department of
8 revenue, shall adopt rules for the administration of this
9 credit.

10 The bill takes effect January 1, 2013, and applies to
11 qualifying projects started and relocation costs incurred on
12 or after that date.